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March 22, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Mr. Caton:

Attached please find the appropriate number of TRACER's Reply Comments in the above-referenced proceeding. Please also find attached copies of letters transmitting these Reply Comments to the Chairman, fellow Commissioners, and Ms. Michele Farquhar, Chief of the Wireless Telecommunications Bureau.

Sincerely,

ATER WYNNE HEWITT DODSON & SKERRITT, P.C.

Arthur A. Butler
Counsel for TRACER

Enclosures

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MAR 25 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

March 22, 1996

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street NW, Room 814
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Chairman Hundt:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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March 22, 1996

The Honorable James H. Quello
Commissioner
Federal Communications Commission
1919 M Street, NW
Room 802
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Commissioner Quello:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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March 22, 1996

The Honorable Rachelle B. Chong
Commissioner
Federal Communications Commission
1919 M Street, NW
Room 844
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Commissioner Chong:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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March 22, 1996

The Honorable Andrew C. Barrett
Commissioner
Federal Communications Commission
1919 M Street, NW
Room 826
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Commissioner Barrett:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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March 22, 1996

The Honorable Susan Ness
Commissioner
Federal Communications Commission
1919 M Street, NW
Room 832
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Commissioner Ness:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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March 22, 1996

Ms. Michele C. Farquhar
Chief, Wireless Telecommunications Bureau
1025 M Street, NW
Room 5002
Washington, D.C. 20554

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers
CC Docket No. 95-185

Dear Ms. Farquhar:

Enclosed please find a copy of TRACER's Reply Comments in the above-referenced proceeding.

TRACER, an organization of large business users of telecommunications services in the State of Washington, strongly supports the Commission's tentative conclusion to adopt bill and keep to govern interconnection compensation arrangements between LECs and CMRS providers on an interim basis and urges the Commission to take prompt action in this matter.

Should you or your staff have any questions regarding TRACER's position in this matter, please do not hesitate to call me at (206) 623-4711.

Sincerely,

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Arthur A. Butler
Counsel for TRACER

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
	)	
Interconnection Between Local	)	
Exchange Carriers and	)	CC Docket 95-185
Commercial Mobile Radio	)	
Service Providers	)	

REPLY COMMENTS OF TRACER

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March 22, 1996

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers	))))))	CC Docket 95-185

REPLY COMMENTS OF TRACER

<u>Introduction and Summary</u>

As an association of significant users of wireless and landline telecommunication services, the Washington Telecommunications Ratepayers Association for Cost-based and Equitable Rates ("TRACER") strongly supports the Commission's tentative conclusion to adopt "bill and keep" as the appropriate compensation mechanism for interconnection between Commercial Mobile Radio Service ("CMRS") providers and Local Exchange Carriers ("LECs").

TRACER has a long history of intervening in proceedings similar to this one before the Washington Utilities and Transportation Commission ("WUTC"), arguing in favor of policies that encourage competition in the local exchange market and prevent incumbent LECs from abusing their market power. TRACER members strongly believe that competition is capable of doing a better job than regulation of achieving public policy goals of lowering the prices consumers must pay, improving service quality, and spurring greater innovation. However, in order for

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competition to be successful at achieving these goals, it is essential that rational interconnection policies be adopted. If new entrants are burdened with unnecessarily high interconnection costs, competition will effectively be precluded from providing any meaningful downward pressure on rates.

Consistent with its desire to see an effectively competitive market develop for all telecommunications services, TRACER recently argued successfully that the WUTC should adopt "bill and keep" for interconnection between incumbent LECs and Competitive Local Exchange Carriers ("CLECs").[1]

Bill and keep should also be adopted for interconnection between landline and wireless providers. The present compensation system, under which unjustified, one-sided cash payments are made to LECs for terminating traffic, imposes an unnecessarily high cost on existing CMRS providers, which, in turn, represents an especially high barrier to new entrants (providers of Personal Communication Services (PCS)). TRACER firmly believes it is not in the public interest.

The cost savings realized from a bill and keep policy will allow CMRS carriers to better position themselves as competitors in the local exchange market, as many PCS carriers apparently intend to do. It is clear, especially given the analysis in the initial comments, that LECs not only have the motivation to

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[1] <u>Washington Utilities and Transportation Commission v U S WEST Communications, Inc.</u>, Docket No. UT 941464. The WUTC issued an order requiring incumbent LECs and CLECS, on an interim basis, to exchange traffic on a bill and keep basis

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prevent such competition through inflated interconnection rates, but have acted consistent with this underlying motivation.

TRACER urges the Commission to put an end to the unfairly imbalanced existing interconnection bargaining process by adopting a bill and keep compensation scheme for LEC/CMRS carrier interconnection.

I. GENERAL COMMENTS.

TRACER is a 12-year-old organization representing a number of the State of Washington's largest telecommunications users, primarily before the WUTC. TRACER's members include large entities engaged in the manufacturing, timber products, financial service, and health care service industries.

While TRACER is hopeful that the Telecommunications Act of 1996[2] ("1996 Act") will make it possible for meaningful local exchange competition to develop, it believes this independent proceeding to be of substantial significance and worthy of expedited consideration. The full development of the wireless industry, particularly PCS, is dependent on carriers' ability to devise and carry out business plans to activate their systems. Major Trading Area ("MTA") licensees have already paid nearly $8 billion just for the right to offer service. They are currently investing billions more to build out their systems to bring two more facility-based wireless carriers to every market. Basic Trading Area ("BTA") licensees will soon be determined and will face similar financial and operational challenges. These PCS

[2] Public Law No. 104-104, 110 Stat, 56 (1996).

licensees have indicated intentions to eventually compete for a share of the local exchange market. Eliminating unnecessary interconnection costs for these PCS carriers will greatly enhance the speed with which they can come to the market and compete effectively with LECs.[3] Moreover, the sooner interconnection rates can be brought closer to cost, the sooner competition between all wireless carriers, incumbent and new, can drive down wireless prices -- by at least the amount that incumbents currently overpay LECs.

Contrary to the claims of the LECs, passage of the 1996 Act should not be viewed as an opportunity to combine this proceeding with proceedings under new Sections 251 and 252. Section 332 provides sufficient jurisdictional basis for the Commission to undertake this proceeding absent any new authority granted by the 1996 Act. State-Federal jurisdictional balance over rate and entry issues for the wireless industry was repositioned in 1993;[4] the 1996 Act left this largely unchanged. Congressional intent to retain the pre-1996 Act State-Federal balance with regard to

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[3] For example, Sprint Spectrum and American Personal Communications report that "PCS licensees need certainty as they engineer, construct and launch their networks, and the terms and conditions upon which they will interconnect with local exchange carriers are crucial to every step of this process." Joint Comments of Sprint Spectrum and American Personal Communications at 6. See, also, Comments of Omnipoint Corporation at 2.

[4] Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, 107 Stat. 312 (1993).

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CMRS is confirmed by the plain language of Section 253[5] and by Section 251(i), which preserves Commission jurisdictional authority over interconnection pursuant to Section 201, the provision on which this proceeding is based. Should the Commission have any doubt about its rights in this area, it should note that under Chevron it has wide discretion in making such determinations.[6] And, as mentioned, supra, there are significant policy considerations supporting a Commission interpretation that this proceeding need not end as a result of the 1996 Act.

II. COMPENSATION FOR INTERCONNECTION TRAFFIC BETWEEN LECs AND CMRS PROVIDERS' NETWORKS.

The current inequitable system of high, non-cost-based rates paid by CMRS providers to LECs, without reciprocal compensation, must be replaced. Bill and keep is the superior arrangement for such compensation.

A. Compensation Arrangements.

1. Existing compensation arrangements are based on unequal bargaining positions, not on any rational economic basis.

If existing interconnection agreements between LECs and CMRS providers were fair, there would be no need for this proceeding.

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[5] Section 253 generally concerns removal of state and local barriers to entry. Section 253(i) specifically states that "[n]othing in this section shall affect the application of section 332 (c) (3) to commercial mobile service providers." Section 332 (c) (3) concerns preemption of state CMRS rate and entry regulation.

[6] Chevron v. Natural Resources Defense Council, 467 U.S. 837 (1984).

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Likewise, if interconnection agreements between LECs and CLECs were fair, need for Sections 251 and 252 of the 1996 Act would also be significantly reduced. However, economic theory dictates that these arrangements will never be fair until competing networks, wireline or otherwise, serve a number of end users at least slightly comparable to that served by the LECs. It is the consumer who ends up paying the price for the results of this disparity in bargaining power.

Today, LEC-CMRS interconnection agreements are left to voluntary negotiations. For any negotiation to produce a fair outcome, the parties must be at least in comparable bargaining positions. This is not the case when LECs and CMRS providers negotiate interconnection rates. A bargaining position is only as good as one's best alternative to a negotiated agreement. For a LEC, this is to continue a monopoly over local telephone service and lose the ability to offer wireline customers access to approximately five or six percent of the population in its service area when they are unreachable by landline phone.[7] By contrast, a CMRS provider will, at best, be able to offer its customers calling options to less than seven percent of the population in the area when the terminating parties have their wireless devices activated, assuming that they have direct CMRS-CMRS interconnection arrangements, which at this time is

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[7] Paul Kagan Associates estimates that there are approximately 34 million wireless customers, roughly 13 percent of the population. If one assumes a 50 percent market share (for markets that do not have Enhanced Specialized Mobile Radio or PCS carriers), this would be 6.5 percent.

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extremely uncommon.[8] Not only are their best alternatives far from equal, so is the impact of the price set during such negotiations. Because CMRS carriers serve relatively few end users as compared to LECs, a higher portion of their overall operating expenses would theoretically be spent on inter-connection. LECs, reaching far more end users, are significantly less concerned with the rates that they would pay CMRS carriers, which according to CMRS carrier comments, happens rarely, if ever.[9] All the LECs would be losing is a revenue opportunity at little cost.

For interconnection to be priced efficiently, at least in the static sense, price should reflect total service long-run incremental cost ("TSLRIC"), and be as close to TSLRIC as possible.[10] Accounting for the proportion of time that terminating traffic actually imposes costs, it has been estimated that LEC termination costs, on average, are $.002 per minute.[11]

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[8] See Interconnection and Resale Obligations Pertaining to Commercial Mobile Radio Services. CC Docket No. 94-54, Second Notice of Proposed Rule Making (April 5, 1995) at para. 37.

[9] See e.g., Comments of AT&T Corp. at 8.

[10] See Steven R. Brenner & Bridger M. Mitchell, Economic Issues in the Choice of Compensation Arrangements for Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, filed as part of Comments by CTIA, March 4, 1996 ("Brenner & Mitchell") at 21. Brenner & Mitchell use the term "marginal" cost, but note at page 25, note 25, that their paper does not specifically address whether the costs to be measured should be short-run or long-run, marginal or service incremental. TRACER believes the proper measure should be TSLRIC.

[11] See "Incremental Cost of Local Usage," Gerald W. Brock, filed in CC Docket 94-54 on March 21, 1995.

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While CMRS termination costs have not been fully detailed at this time, there is no reason to believe that they are not at least equal to this $.002 per minute, if not more.

Traffic balance is a complicated, dynamic issue. While traffic between CMRS providers and LECs is currently generally skewed in the direction of LEC termination,[12] there are many reasons to believe that this situation will soon change. The nation's first PCS provider to activate its system, American Personal Communications ("APC," operating as Sprint Spectrum), reports a roughly even termination traffic split.[13] APC cites four reasons why it has a more even balance of terminating traffic with the LEC than cellular carriers: APC does not charge its customers for the first minute of incoming calls; APC offers caller ID as part of its basic service package; APC handsets have significantly longer battery life; and all unanswered calls are routed to voicemail.[14] If other PCS carriers, and eventually cellular carriers, follow the lead of APC, traffic on a nation-wide basis should approach an even split. And even if traffic balance is not approximately equal, it should be kept in mind

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[12] When evaluating traffic balance proportions, it is important to note that only terminating traffic that contributes to a network's peak load imposes costs. See Brenner & Mitchell. Brenner & Mitchell estimate that a typical traffic balance may have to be adjusted by at least 14 percent (e.g., from a 75/25 balance in favor of the LEC to a 61/39 balance in favor of the LEC) in favor of CMRS terminating traffic to account for noncoincidental peak periods and differing extremes of peak traffic (variance of peak versus off-peak traffic). Id.

[13] Comments of American Personal Communications at p. 6.

[14] Id. at 10

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that the dynamic efficiency effect of forward-looking policies, such as bill and keep, will create an environment in which traffic will be balanced.

Given the obviously uneven bargaining power of LECs and CMRS providers, the claims set forth in CMRS carrier comments concerning the discriminatory nature of their interconnection agreements with LECs are likely to be accurate. While traffic termination really only costs LECs a typical $.002 per minute, the average per minute interconnection rate paid by cellular companies to LECs is $.03 per minute (15 times cost).[15] Meanwhile, virtually no CMRS carriers report receiving payments for LEC traffic that they terminate on their systems, despite CMRS providers' practically unenforceable rights as co-carriers.[16]

Sometimes, these inequities are even worse. For example, Vanguard Cellular Systems, Inc. reports an instance where it has had to pay New England Telephone Company $.11 per minute, even though the cost of providing the interconnection service was only $.0057 per minute at the peak hour.[17] Vanguard does not

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[15] See Interconnection Compensation Perspective, Malarkey-Taylor Associates, Inc. handout prepared for PCIA Leg/Reg/WINC Meeting, February 8, 1996.

[16] The Commission clarified that LECs should compensate for CMRS-terminated traffic as part of Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services, Memorandum Opinion and Order, 59 RR 2d 1275 (1986), clarified, Declaratory Ruling, 2 FCC Rcd 2910 (1987), aff'd on recon. 4 FCC Rcd 2369 (1989).

[17] Comments of Vanguard Cellular System, Inc. at 8.

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receive any sort of compensation for the New England Telephone Company traffic that it terminates.[18] Apparently, some carriers even have to pay LECs for the right to terminate LEC traffic.[19]

CMRS carriers are not the only victims of this discrimination. The ultimate victim is the consumer. Wireless consumers are forced to pay these $.03 per minute charges, frequently reflected as $.10 per call on a wireless bill, based on average call length. LEC customers who do not yet own wireless phones suffer in two ways--they are deterred from subscribing to wireless service because of unnecessarily high prices, and the potential benefits of eventual local telephone competition by wireless carriers are delayed, if not precluded.

2. <u>Bill and keep is a superior system for interconnection compensation between LECs and CMRS providers than any usage-based system (such as the status quo)</u>.

As a matter of fact, a system will be in off-peak periods for all but very few hours per day.[20] Terminating traffic during these periods does not impose any usage-based cost to the terminating carrier.[21] To avoid problems of peak shifting and to minimize deadweight loss (resulting from inefficient price signals), usage-sensitive pricing schemes must have a sliding

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[18] <u>Id</u>. at 7.

[19] <u>Brenner & Mitchell</u> at 8.

[20] It should be noted that actual traffic peaks cover much rower time periods than peak <u>billing</u> periods, which represent attempts at averaging cost-recovery for above-average usage narrower time periods.

[21] <u>Brenner & Mitchell</u> at 12.

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price scale with several price levels.[22] Such schemes would be difficult to implement, not to mention being highly unpopular with consumers.

Nevertheless, it has been estimated that the LEC peak hour accounts for only slightly more than ten percent of daily LEC traffic.[23] Thus, nine out of ten calls can be handled by the LEC at no additional cost.

How much CMRS traffic actually strains LECs during peak periods, as compared to the strains LECs impose on CMRS providers during CMRS peak periods, will take much further study.[24]

a. Bill and keep as compared with mutual compensation.

Setting any price to be charged on a usage-sensitive basis poses many hazards, even if the price is the same for both directions of traffic flow.

As noted, supra, LEC operating costs are much less sensitive to interconnection rates than CMRS operating costs. This provides LECs with a great incentive to seek high interconnection rates. While LECs will be paying these overly high charges, so will CMRS carriers. Because CMRS total operating costs are more dependent on interconnection rates, CMRS will be competitively disadvantaged. Through these means, LECs will be able to

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[22] Id. at 28.

[23] Id. at 16.

[24] Id. at 17.

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discourage potential local exchange competition by the wireless carriers.

Also, because a higher proportion of a CMRS provider's overall costs will be based on interconnection rates that will a LEC's, the CMRS provider's retail price structure will have to be based more on the interconnection pricing structure, as opposed to the structure of its own underlying costs. In other words, the CMRS provider's overall costs would be more usage sensitive than the LEC's, solely because of the structure of interconnection prices. Because of this, the CMRS provider will have a much greater difficulty offering flat-rated retail prices.[25] This will hurt the CMRS provider in competing for customers who prefer flat rates. This would certainly be the case for such customers with greater than average usage. Furthermore, if CMRS providers are forced to price retail services on a usage-sensitive basis while LECs are not, then CMRS providers will also face additional transactional costs the LECs do not.

Bill and keep is a safe and superior alternative to mutual compensation. Teleport Communications Group, Inc., a firm with great experience negotiating interconnection arrangements with LECs, argues in its comments that " [evidence in some states has suggested that the costs of the billing systems to assess such

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[25] Brenner & Mitchell at 44-47.

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per minute charges roughly equal the costs of the interconnection itself . . ."[26] Given what interconnection actually costs, this is not surprising.

Bill and keep avoids the perils of over-priced usage-sensitive pricing. It also makes a lot more sense on an interim basis than mutual compensation, because it avoids the non-refundable, upfront, transactional costs that CMRS carriers must endure as part of a mutual compensation arrangement.

The only potential advantage of a mutual compensation scheme is that it accounts for supposedly unbalanced cost obligations resulting from traffic imbalance. As discussed, supra, there are reasons to expect traffic to become more balanced. Temporary unequal cost obligations may very well be less than the transactional cost of a system designed to avoid them.

Additionally, the efficiencies promoted by a bill and keep scheme may significantly reduce any remaining advantage to a mutual compensation arrangement. When fixed relationships are developed between price and cost, service providers lose the incentive to reduce inefficiencies, because they know that they will be compensated for the associated costs. If the true cost of interconnection should approach zero, then it makes sense to set the price at zero. Eventually, costs will fall closer to this price.[27]

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[26] Id. at 9.

[27] However, it should be noted that while the "price" of interconnection under bill and keep is zero, termination services

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b. Bill and keep as compared with the status quo.

As discussed, supra, the status quo is the reflection of decades of bottleneck control by the LECs. Also as discussed, supra, bill and keep is a fair, efficient system, certainly on an interim basis. After the interim period, the system can be adjusted, if necessary, to reflect further economic study and changes in the marketplace.

c. Pricing of dedicated facilities.

Dedicated facilities should also not be priced on a per-minute basis. Not only would such a system impose administrative costs, but it would not reflect the generally static nature of the dedicated facility costs based on usage.[28] As traffic may be moving in the direction of an even flow, it seems reasonable that such dedicated facility costs be equally born by carriers on both ends of the connection.

B. Implementation of Compensation Arrangements.

1. Negotiation and tariffing.

(No comments at this time]

2. Jurisdictional issues.

The 1993 amendments to Section 332 recognized the national

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are not free--the originating carrier assumes a reciprocal duty to terminate traffic sent to its system; in other words, each carrier incurs a cost in exchange for receiving interconnection services.

[28] While use might increase dedicated facility cost in a step fashion, it would be difficult to construct a pricing mechanism that adequately reflects this.

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interest in CMRS service. At the same time, Section 2(b) was amended to give the FCC authority over intrastate CMRS service.[29] Congress recognized that to effectuate the national goal of a competitive ubiquitous wireless network, rates and entry for the CMRS industry should be governed at the Federal level. State regulation of LEC-CMRS interconnection rates is fundamentally inconsistent with the statutory goal of a nationwide CMRS market where the rapid deployment of wireless technology is encouraged. This consideration is significant given the wide latitude that the Commission and other Federal agencies have been given in carrying out their delegated authority pursuant to Chevron.

III. INTERCONNECTION FOR THE ORIGINATION AND TERMINATION OF INTERSTATE INTEREXCHANGE TRAFFIC.

Although TRACER does not seek to offer comments on this issue at this time, it wishes to point out that CMRS and IXC markets are both increasingly competitive and should be treated as such.

IV. APPLICATION OF THESE PROPOSALS.

The Commission should apply the interconnection compensation rules that it adopts to all CMRS providers, in conformance with the regulatory parity provisions of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, and the corresponding CMRS Second Report.[30] Such broad application will

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[29] 47 U.S.C. 153(b) (Section 2(b) of the Communications Act of 1934).

[30] 9 FCC Rcd 1411 (1994).

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ensure maximum competition in the converging elements of the wireless industry.

V. OTHER.

(No comments at this time]

VI. CONCLUSION.

The time has come to reform monopoly-based business arrangements in the telecommunications industry and move toward a competitive system. Consistent with the goals of the recently passed 1996 Act, the Commissions' bill and keep proposal will increase competition in both the wireless and local exchange markets. For this reason, TRACER strongly advocates immediate adoption of bill and keep, at least on an interim basis.

Respectfully submitted,

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